

Texas Administrative Code
TITLE 31 NATURAL RESOURCES AND CONSERVATION
PART 17 TEXAS STATE SOIL AND WATER CONSERVATION BOARD
CHAPTER 525 AUDIT REQUIREMENTS FOR SOIL AND WATER
CONSERVATION DISTRICTS
SUBCHAPTER A AUDITS OF DISTRICTS
RULE §525.1 Policy Statement

It is the policy of the State Soil and Water Conservation Board to develop and implement audit guidelines that adequately safeguard assets administered within the purview of this agency in a cost effective manner. In accordance with this purpose, §§525.1-525.8 of this title (relating to Audits of Districts) are adopted.

The provisions of this §525.1 adopted to be effective June 17, 1999, 24 TexReg 4454

RULE §525.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) District--A soil and water conservation district created under the Agriculture Code of Texas, Chapter 201.

(2) Manual of Fiscal Operations--An accounting manual prepared by the State Board designed to be used by each district as a manual of operations.

(3) State Board--The Texas State Soil and Water Conservation Board created under the Agriculture Code of Texas, Chapter 201.

The provisions of this §525.2 adopted to be effective June 17, 1999, 24 TexReg 4454

RULE §525.3 Duty to Audit

(a) The directors of each district created under Chapter 201, Agriculture Code of Texas, shall have the district's fiscal accounts and records audited as of August 31 of each even numbered year.

(b) The person who performs the audit shall be a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy.

(c) The audit required by this section shall be completed no later than 120 days after the end of each biennial audit period.

The provisions of this §525.3 adopted to be effective June 17, 1999, 24 TexReg 4454

RULE §525.4 Form of the Audit

Except as otherwise provided by the Manual of Fiscal Operations, the audit shall be performed according to the generally accepted auditing standards adopted by the American Institute of Certified Public Accountants and shall include the auditor's opinion as to the fair presentation of the financial statements taken as a whole.

The provisions of this §525.4 adopted to be effective June 17, 1999, 24 TexReg 4454

RULE §525.5 Audit Exemption

(a) A district may elect to file an annual financial report as of August 31 of each year in lieu of the district's compliance with §525.3 of this title (relating to Duty to Audit) provided:

(1) the district had no long term (more than one year) liabilities outstanding during the biennial period other than rent/lease contracts;

(2) the district did not have gross state revenues in excess of \$40,000 in any year of the biennial period;

(3) the district's State Fund cash, receivables, and short term investments balances were not in excess of \$25,000 in any year of the biennial period; and

(4) the district is not otherwise required to have its accounts and records audited in compliance with a funding agreement with any federal, county, or other agency.

(b) A district may elect to file a review with required procedures completed by a certified public accountant as of August 31 of each year in lieu of the district's compliance with §525.3 of this title (relating to Duty to Audit) provided that the district has no more than one long term (more than one year) liabilities outstanding during the biennial period other than rent/lease contracts and that the one liability consists of real property utilized by the district as it's primary office location.

(c) The annual financial report must be reviewed and approved by the district directors and so recorded in the minutes of the board meeting at which such action was taken.

(d) The annual financial report must be accompanied by an affidavit signed by the district's current chairman, vice chairman, and secretary attesting to the accuracy and authenticity of the financial report.

(e) Districts governed by this section are subject to periodic audits by the State Board. The provisions of this §525.5 adopted to be effective January 27, 2005, 29 TexReg 11988

RULE §525.6 Access to and Maintenance of District Records

The State Board shall have access to all vouchers, checks, receipts, district fiscal and financial records, and other district records, which the State Board considers necessary for the review of an audit report or annual financial report.

The provisions of this §525.6 adopted to be effective June 17, 1999, 24 TexReg 4454

RULE §525.7 Filing of Audits and Annual Financial Reports

(a) A copy of the Audit Report or the Annual Financial Report required by this subchapter shall be filed with the Governor's Office, the Legislative Budget Board, and the State Board.

(b) Districts not exempted by §525.5 of this title (relating to audit exemption) must file three copies of the Audit Report with the State Board no later than 120 days after August 31 of even numbered years.

(c) Districts governed by the provisions of §525.5 of this title must file three copies of the Annual Financial Report with the State Board no later than 60 days after August 31 of each year.

(d) The filings required by subsections (b) and (c) of this section will satisfy the filing requirement for subsection (a) of this section.

(e) After proper review the State Board will forward the required copies of the Audit Report or the Annual Financial Report to the Governor's Office and the Legislative Budget Board.

The provisions of this §525.7 adopted to be effective June 17, 1999, 24 TexReg 4454

RULE §525.8 Compliance Contingencies

(a) The Annual Financial Report must be filed no later than 60 days after August 31 of each fiscal year.

(1) A District's funds will be considered out of compliance and placed on "hold" status if an Annual Financial Statement is not received by the State Soil and Water Conservation Board by October 30 of each fiscal year.

(2) A District's funds will be placed on "hold" status if the Annual Financial Statement has been received by the due date but the District has not corrected errors on the Annual Financial Statement by December 31 of each fiscal year.

(b) The Audit Report must be filed no later than 120 days after August 31 of each even numbered years.

(1) A District's funds will be considered out of compliance and placed on "hold" status if an Audit Report is not received by the State Soil and Water Conservation Board by January 1 of each odd numbered year.

(2) A District's funds will be placed on "hold" status if the Audit Report has been received by the due date but the District has not corrected errors on the Audit Report by February 28 of odd numbered years.

The provisions of this §525.8 adopted to be effective June 30, 2002, 27 TexReg 5800

RULE §525.9 District Divisions and Reorganizations

(a) Other sections of this subchapter notwithstanding an audit of the accounts and records of a district dividing, reorganizing, or dissolving under the provisions of Chapter 201, Subchapter C, of the Agriculture Code must be performed by an individual meeting the requirements of §525.3(c) of this title (relating to Duty to Audit).

(b) The period to be covered by the audit is from the date of the most recent audit or financial report through the date of division, reorganization, or dissolution.

(c) Three copies of the audit required by this section must be filed with the State Board no later than 15 days prior to the date of division, reorganization, or dissolution.

The provisions of this §525.9 adopted to be effective January 7, 2002, 27 TexReg 271